

TEXAS DEPARTMENT OF STATE HEALTH SERVICES

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COMMISSIONER

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February 28, 2005

Mayor White and City Council Members
Houston City Hall
900 Bagby
Houston, TX 77002

Dear Mayor White and City Council Members,

The perspective of the Texas Department of State Health Services is that exposure to secondhand smoke remains first and foremost a public health issue. Nevertheless, we realize that economic arguments are frequently raised, and I have been asked to review a recent report by Clower and Weinstein entitled *The Dallas Smoking Ordinance One Year Later*.

Overall, I found significant flaws regarding the study design and conclusions of this report. Some specific concerns are as follow:

- Clower and Weinstein state that "sales tax data typically reported for the restaurant industry provide no break-out for the variety of restaurant types. Fast food establishments, bar food sales, corner diners and upscale steak houses are all included in the same set of data." This statement is not true and reflects a lack of understanding of the sales tax data that is available from the Texas Comptroller's office. Texas sales tax data is reported by Standard Industrial Classification (SIC) Codes that include the following categories:

- 5812 – Eating Places
- 5813 – Drinking Places (Wine & Beer)
- 5814 – Drinking Places Selling Alcoholic Beverages
- 5816 – Eating and Drinking Places Selling Beer and/or Wine
- 5817 – Eating and Drinking Places Selling Alcoholic Beverages

The attached figures present data from Dallas broken down by these classifications. In fact, SIC Code 5816 (Eating and Drinking Places Selling Beer and/or Wine) and SIC Code 5817 (Eating and Drinking Places Selling Alcoholic Beverages) capture the "full service restaurants" that the authors believe would be most impacted by the Dallas smoke-free ordinance. The raw data on Dallas restaurant and bar sales as well as sales as a fraction of total retail sales in Figures 1 and 2 really speak for themselves. It clearly shows that any decreasing trends were present well before the ordinance went into effect and both trends in gross sales and sales as a fraction of total retail sales are not correlated with presence of the

ordinance. This is confirmed through linear regression models that adjust for underlying economic changes by looking at sales as a fraction of total retail sales. Figure 3 also shows the trends in Dallas regarding the number of restaurant and bar outlets for each of the restaurant and bar classifications, and there continues to be increases in these numbers since implementation of the smoke-free ordinance.

- The Authors use Carrollton Texas as a community to study the impact of a smoking ban, however, it is highly questionable whether Carrollton is an appropriate model to deduce effects of a smoking ban. First of all, Carrollton is a small suburb around Dallas with neighboring suburbs (i.e. Addison) that have had significant growth in hospitality, dining and drinking establishments during the period of the study that would dramatically impact any data from Carrollton. Carrollton is also a “dry” community, requiring private-club licenses to allow restaurants to sell beer, wine or liquor (and it was dry during the period of the smoking ban), yet the only data they examine is mixed beverage sales in Carrollton. Mixed beverage sales revenue constitutes less than 10% of total restaurant and bar revenues in Carrollton (only about \$5,000 per quarter during the period of study).
- When the Authors look at the “Dallas Experience,” they again only look at mixed beverage sales. It is important to note that the Dallas ordinance does not even restrict smoking in stand-alone bars. In examining mixed beverage sale comparisons between Dallas and other communities, the data appear “cherry-picked” to try to present their desired picture. In fact, if you compare Dallas mixed beverage sales in 2001 to 2002 (before passage of the ordinance), you would also see a decrease in sales, yet if you compare 2003 to 2004 (after passage of the ordinance) you would see an increase in Dallas’ mixed beverage sales.
- The authors further base their conclusions that there were declines in alcohol sales on a survey conducted by the Greater Dallas Restaurant Association in which they “asked its members to complete a short questionnaire.” The authors present no information on how many restaurants responded to the survey, and they only report anecdotal results from selected respondents. This data is entirely unreliable in determining any effect of the smoke-free ordinance and is not based on any objective information such as sales tax data
- The authors cite other anecdotal information from “press reports” and unspecified hoteliers to base their conclusion that the hotel business in Dallas is suffering from the smoke-free ordinance. In fact, the press report was from the October 27, 2004 Dallas Morning News coverage of a Dallas City Council hearing in which Mayor Laura Miller stated that “Dallas has only lost two trade shows as a result of the smoking ban – Cigar Aficionado and Phillip Morris.” The Mayor also stated that Phillip Jones, president and CEO of the Dallas Convention and Visitors Bureau, told her that “the city’s convention industry has not lost business as a result of the ban.” The Dallas Morning News story then quotes a letter from Mr. Jones stating that “the ban was not brought up during any sales calls he has received in the last year, and that smoking regulations are a growing trend at the country’s convention destinations.”

It is important to note that every properly conducted study that has objectively examined actual sales data and adjusted for any underlying economic trends has shown no adverse effect as a result of a smoke-free ordinance.

It actually makes perfect sense that there is no adverse economic impact from strong smoke-free ordinances. Data from Texas (and Houston and Dallas) show that a little over 20% of Texas adults are smokers, so that means that there are almost four times the numbers of adult non-smokers as there are smokers. Texas surveys also show that the number of non-smokers that

report that they will patronize smoke-free facilities more often after passage of a strong ordinance greatly outnumbers the number of smokers that report they would be less likely to go out.

I provide this information as a resource to you, and I hope that it will be helpful as you consider your actions. Please contact me at 512-458-7200 if you need any additional assistance from our Department.

Sincerely,

Philip Huang, MD, MPH
Chief Medical Officer for Chronic Disease

Figure 1 - Gross Restaurant and Bar Sales - Dallas

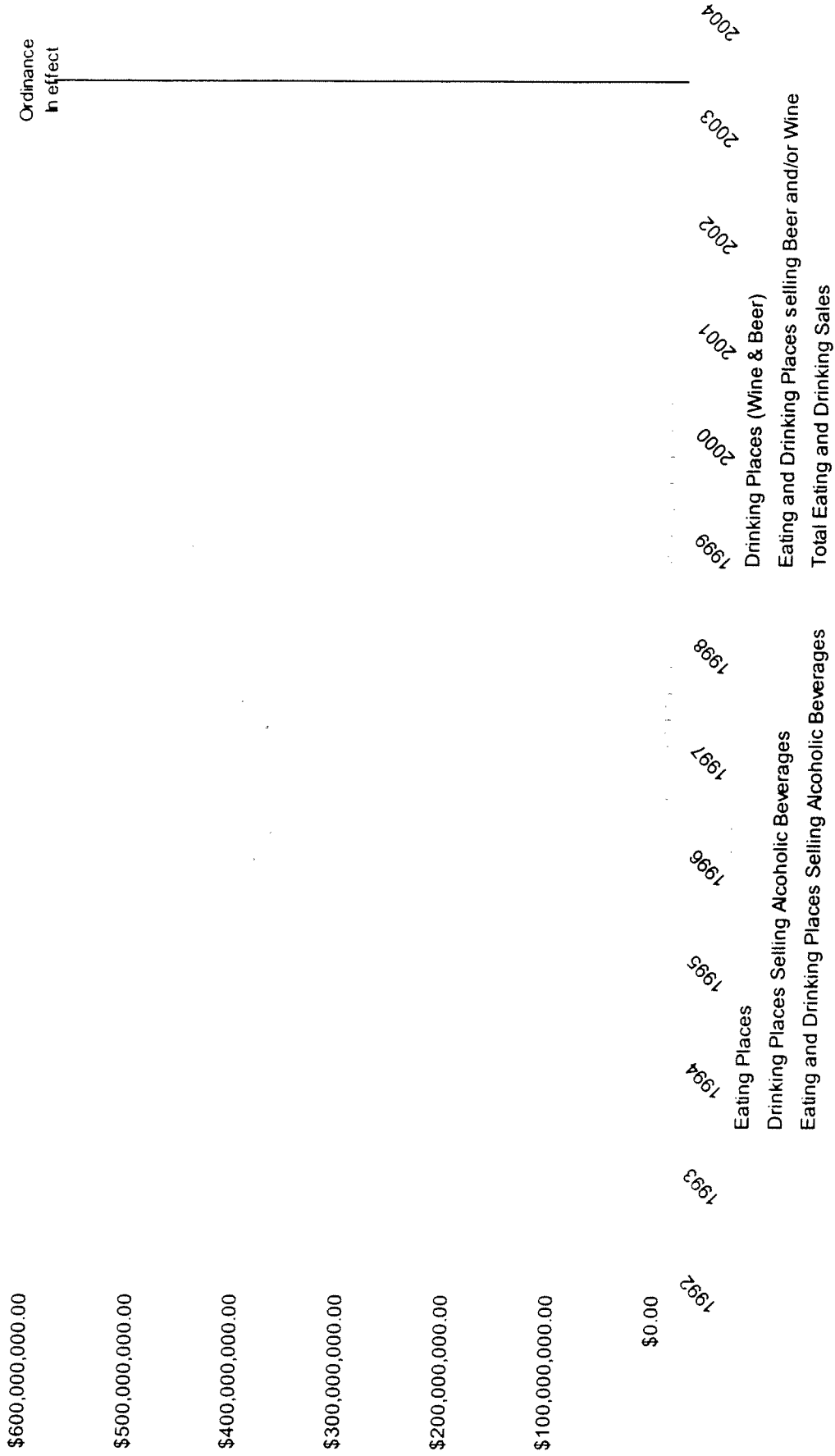


Figure 2 - Proportion of Gross Sales over Total Retail Sales - Dallas

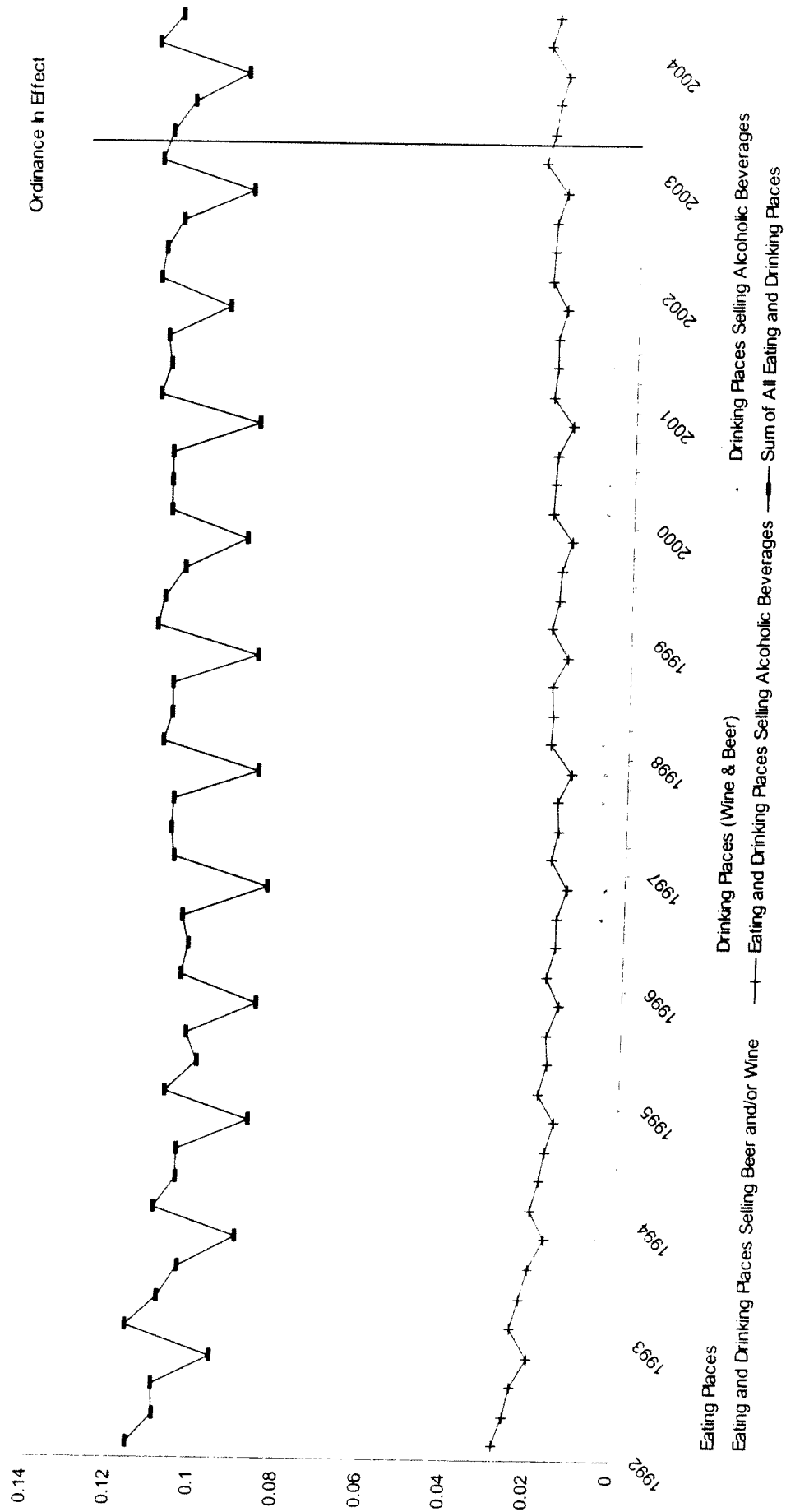


Figure 3 - Number of Outlets -Dallas

